

## Message Text

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21

ACTION EB-07

INFO OCT-01 EA-10 ISO-00 AGR-10 CIAE-00 COME-00 INR-07

LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-02 FRB-01

OMB-01 INRE-00 SSO-00 NSCE-00 /049 W

----- 091196

O 190707Z FEB 75

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC IMMEDIATE 8423

UNCLAS SEOUL 1043

PASS USDA FOR SECRETARY BUTZ FOR 10:30 A.M. MEETING WITH  
MINISTER NAM AND FAS FOR D. HUME AND D.IWILLIAMS

E.O. 11652: N/A

TAGS: ETRD, KS

SUBJECT: COTTON CONTRACT PROBLEM

REF: STATE 032745

1. AGATT MET WITH EPB ASSISTANT MINISTER S.K. LEE FEB. 18  
AND CONVEYED ESSENCE OF PARAGRAPH 3 REFTEL. MR. LEE IS STUDYING  
POSSIBLE RELAXATION OF CEILING ON USANCE INTEREST RATE. IN  
SUBSEQUENT MEETING WITH SWAK, AGATT ENCOURAGED SWAK TO PRESENT  
A STRONG CASE TO THE MINISTRY OF FINANCE AND EPB. SWAK SEEMED  
KEENLY INTERESTED IN THE POSSIBILITY OF RELAXATION OF CURRENT  
TWO PERCENT CEILING AND IS PURSUING THE MATTER.

2. ACCORDING TO SWAK, AS OF FEB. 19, \$31.1 MILLION OF L/C'S  
HAVE BEEN OPENED AGAINST THE \$45.9 MILLION KFX/USANCE ALLOCATION.  
THE LARGEST MILL, DAINONG, HAS FORMALLY PLEDGED TO ROKG THAT  
IT WILL OPEN L/C'S FOR \$13.3 MILLION BY EPB. 25, BRINGING TOTAL  
KFX TO \$44.4 MILLION.

3. SWAK ADVISES THAT IT IS PREPARING A DETAILED REPORT ON  
KFX/USANCE FUNDS UTILIZED TO LIQUIDATE OLD CONTRACTS AS REQUIRED  
BY EMBASSY LETTER OF NOVEMBER 29, 1974. ABOVE L/C OPENINGS,  
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COMBINED WITH DEFERRAL OF 82,000 BALES OUT OF 176,000 OVERDUE

AS OF DEC. 31, WOULD APPEAR TO ACCOUNT FOR BALANCE OF OVERDUE  
CONTRACTS AT END OF 1974.

4. EMBASSY CONSIDERS RECENT PROGRESS ON L/C OPENINGS VERY  
ENCOURAGING. IT WOULD APPEAR THAT ONLY ABOUT \$6 MILLION IN  
ADDITIONAL KFX/USANCE WILL BE REQUIRED TO MAKE AVAILABLE \$40  
MILLION BALANCE OF CCC CREDIT.  
SNEIDER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COTTON, CREDIT, CONTRACTS  
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**Copy:** SINGLE  
**Draft Date:** 19 FEB 1975  
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**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975SEOUL01043  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750058-0855  
**From:** SEOUL  
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